

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates 1 - 2 November 2006

Question: sbt 114 (ACCC)
Topic: Record Keeping Rules
Hansard Page: Written

Senator CONROY asked:

1. **How many record keeping rules has the ACCC imposed under section 151BU of the Trade Practices Act?**
2. **How many staff at the ACCC are tasked with reviewing the data provided under these record keeping rules?**
3. **Approximately how many hours are spent per year within the ACCC considering data provided under record keeping rules?**
4. **Is the ACCC aware of the approximate financial and administrative burden imposed on industry by these record keeping rules?**
5. **What processes does the ACCC have in place to evaluate the impact of new record keeping rules on the relevant companies?**
6. **Has the ACCC considered including sunset clauses in all record keeping rules? Does the ACCC believe such sunset clauses would be appropriate?**
7. **How many reports has the ACCC received under ULL Record Keeping Rules 1 and 2?**
8. **To what uses has the ACCC put the data collected under these record keeping rules?**

Answer:

1. The Australian Competition and Consumer Commission (the ACCC) currently has nine record keeping rules in operation. They relate to:
 - Internet interconnection service
 - Bundled services
 - Division 12
 - Regulatory accounting framework
 - ULLS access
 - ULLS service delivery
 - Accounting separation:
 - i. Current cost accounting
 - ii. Imputation
 - iii. Non-price terms and conditions key performance indicators
2. Approximately six ACCC staff have some duties that relate to reviewing data provided under the record keeping rules.

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3. It is roughly estimated that approximately 725 hours are spent per year within the ACCC considering the data provided under record keeping rules.
4. The ACCC is well aware of the financial and administrative burden placed on industry through its data collection activities and only considers record keeping rules in situations where the benefits outweigh these costs. The ACCC ensures that the information—and the provision of that information within particular timeframes—is feasible and that the burden placed on industry is minimised.

The ACCC ensures that it is fully informed of the likely burden of a proposed record keeping rule through extensive consultation with industry prior to the rule's introduction. This usually takes the form of a discussion paper seeking industry comment. Furthermore, the ACCC generally completes Regulation Impact Statements prior to the introduction of a record keeping rule which formalise the cost-benefit analysis process.

5. As stated in response to question 4, the ACCC undertakes an extensive consultation process before record keeping rules are introduced to ensure that the burden on industry is not only justified by the benefits, but also that the record keeping rules are designed to minimise the burden the relevant companies.

The ACCC also regularly reviews the effectiveness and burden of record keeping rules after they have been in place for some time. These reviews may occur as a result of a variety of reasons:

- following industry comment about the burden of the record keeping rule;
- as a result of an undertaking that the ACCC gave previously to review a record keeping rule after, for example, 12 months of data had been provided;
- because the record keeping rule is due to expire; or
- it becomes apparent to the ACCC that there is no longer any need for the data provided under the record keeping rule, or the information requirements have changed.

For example, the ACCC is currently assessing whether information provided under the ULLS record keeping rules is still required, and whether the frequency of reporting is still appropriate. It is also currently reviewing the effectiveness of the Internet interconnection record keeping rule in accordance with its statements to review the rule once it had received 12 months of data.

Through these methods the ACCC ensures that the cost-benefit analysis that underpinned the introduction of a record keeping rule continues to justify its existence and does not place an unnecessary burden on industry.

6. Some of the record keeping rules overseen by the ACCC have sunset clauses, but sunset clauses have generally not been included in record keeping rules. This has been because record keeping rules can be revoked or varied should one of the ACCC's reviews (as discussed in response to question 5) consider this to be appropriate.

One of the more recent record keeping rules, that relating to Internet interconnection, has a sunset clause to expire after three years.

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7. The two ULLS record keeping rules were created in the second half of 2000. As they require weekly reports, approximately 300 have been provided to the ACCC in response to each rule.
8. The ULLS record keeping rules deal with access seekers' requests regarding access to the ULLS. Access to the ULLS on Telstra's network remains critical to the development of competition in downstream retail markets and the promotion of quasi-infrastructure based competition. In particular, access to the ULLS and the arrangements pertaining to migration from resale input services such as the local carriage service and line sharing service to the ULLS provides information about both the extent of competition in facilities-based service markets and also the potential for (or existence of) for anti-competitive behaviour in these markets.

As mentioned in response to question 5, the ACCC is currently reviewing these record keeping rules in terms of the breadth of data provided and the frequency of reporting.